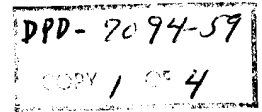


October 14, 1959



To: Contracting Officer, SP-1919

Subject: Redetermination of Contract Price of  
Contract SP-1919

1. With respect to the subject matter, the price negotiation meeting held on 5 October 1959 determined the final price of \$1,423,000.00 for supplies furnished under subject contract. Since we have previously billed you \$1,428,832.00 for supplies delivered, the final price thus established results in a net overbilling of \$5,832.00. In addition, we have on our books unliquidated progress payments in the amount of \$84,181.53, which represent progress payments on expenditures made under the contract subsequent to the date on which the last article was billed.
2. The aforementioned overbilling, and the unliquidated progress payment balance are primarily the result of two factors, i. e., (1) a more favorable production record cost-wise than was anticipated when the unit contract billing price was established, and (2) the transfer from this contract to Contract SP-1916 the amount of \$138,235.00 covering two Baird purchase orders, which contractor was considering as costs under subject contract. The deletion of item 2 from Contract SP-1919 was suggested by Sid and Hazel as a condition for determining the final price of subject contract and acquiesced to by contractor.
3. Since the funds established under Contract SP-1916 are not sufficient to cover the above transfer I presume you will take steps to provide an additional \$151,367.00 for this purpose.
4. With respect to the credit balances in your favor on our books under Contract SP-1919 as follows:

Overbilling of Delivered Articles	\$ 5,832.00
Progress Payments	84,181.53

We would like to make the following suggestions:

- (1) We send you a credit memo for \$5,832.00 and our check in payment thereof for the overbilling of the contract price. With respect to the \$84,181.53, we will transfer this credit to Progress Payments account for Contract SP-1916 and reduce the current progress payments invoice for Contract SP-1916 by this amount, or
- (2) We can credit Contract SP-1916 Progress Payments account with both the \$5,832.00 and the \$84,181.53 and deduct the sum total of \$90,013.53 from the current progress payment invoice of Contract SP-1916.

5. I would recommend that suggestion (2) be followed as it allows the retention of all funds in the project appropriated therefor, and particularly since the immediate cause of the credits is the transfer of the Baird costs referred to in paragraph 2 above.
6. Please let me know your decision with respect to handling the above balances as soon as possible as we are holding progress payment billing on Contract SP-1916 pending your instructions.

Very truly yours,



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